June 17, 2016

Ms. Sabrina Corlette, J.D.
Research Professor
Center on Health Insurance Reforms
Georgetown University
3300 Whitehaven Street, N.W.
Washington, DC 20057

Dear Ms. Corlette:

Thank you for appearing before the Subcommittee on Health on May 11, 2016, to testify at the hearing entitled "Health Care Solutions: Increasing Patient Choice and Plan Innovation."

Pursuant to the Rules of the Committee on Energy and Commerce, the hearing record remains open for ten business days to permit Members to submit additional questions for the record, which are attached. The format of your responses to these questions should be as follows: (1) the name of the Member whose question you are addressing, (2) the complete text of the question you are addressing in bold, and (3) your answer to that question in plain text.

To facilitate the printing of the hearing record, please respond to these questions with a transmittal letter by the close of business on July 1, 2016. Your responses should be mailed to Graham Pittman, Legislative Clerk, Committee on Energy and Commerce, 2125 Rayburn House Office Building, Washington, DC 20515 and e-mailed in Word format to graham.pittman@mail.house.gov.

Thank you again for your time and effort preparing and delivering testimony before the Subcommittee.

Sincerely,

Joseph R. Pitts
Chairman
Subcommittee on Health

cc: The Honorable Gene Green, Ranking Member, Subcommittee on Health

Attachment

Attachment — Additional Questions for the Record

The Honorable Chris Collins

In your series of recommendations you highlighted the fact that many eligible consumers are not being reached by current exchange structures and suggested that the shopping experience should be made easier. While you focused on increasing the government's role and spending for these activities, I'm curious as to whether you have considered the fact that many private entities would be interested in investing heavily in this space to target populations that are being missed and compete for their business. Many private websites have experience targeting consumers and helping them with plan selection through "smart shopping tools." All of this is being done without additional government funds.

1. Should we consider removing restrictions on the private sector to providing these benefits to aid consumers?

While there are state licensing and marketing requirements with which private exchanges and insurance brokers must comply, I am aware of no federal restrictions on the ability of private exchanges or brokers to sell legal health insurance products directly to consumers or employers, either online, over the phone, or in person.

You may be suggesting that consumers should be able to access the federal premium tax credits and cost-sharing reductions for qualified health plans through private exchanges or online brokers. This is currently available to consumers, but some web brokers have raised concerns about continued barriers to a seamless enrollment. HHS/CMS is currently working on this. See the preamble to the 2017 Notice of Benefit and Payment Parameters, available here: https://www.gpo.gov/fdsys/pkg/FR-2016-03-08/pdf/2016-04439.pdf and 45 CFR 155.220(c). My personal view is that insurers and brokers may have greater incentives to invest in marketing, outreach and web-based decision support tools if consumers are more easily able to buy directly from them. However, it will be important to maintain strong consumer protections to ensure that (1) consumers are able to see all available plans, not just those for which the broker or exchange receives a commission and (2) to limit potential fraud and abuse related to the federal subsidies.

The Honorable Lois Capps

As of June 2015, 1.3 million people in California are actively enrolled in health insurance, and our uninsured rate has been cut in half. Our state exchange has required health insurance companies to build consumer tools that encourage participation and transparency. In using all the tools at our disposal to regulate the market, and be active purchasers of health care, California has emerged as a leader in this space and has succeeded in providing important health care services to citizens.

1. Ms. Corlette, how do these state tools and others protect consumers? Should other states adopt these practices? For states who don't take these steps, what are consumers faced with? And further, should the federal exchange be doing anything like this?

California and its health insurance marketplace, Covered California, have engaged in a range of activities to deliver greater value in health insurance to consumers. They include, for example: selectively contracting with insurers, negotiating premiums, standardizing benefit designs, and requiring insurers to engage in efforts to improve the quality and efficiency of health care delivery. In addition, I would argue that the state's decision to prohibit the so-called transitional or "grandmothered" plans in 2014 led to a better marketplace risk pool than has been seen in other states.

These activities and policy decisions have helped consumers in the following ways: First, and importantly, premium rates in California's marketplace are likely lower than they otherwise would be (although it is extremely difficult to demonstrate this conclusively). Second, by standardizing benefit designs, the marketplace improves consumers' ability to compare plans and ultimately select the one that best meets their health and financial needs. Third, by pushing insurers to do more to improve the quality and efficiency of the delivery system, the marketplace is helping consumers get more value for their premium dollar.

While the Affordable Care Act provides all marketplaces with the authority to be "active purchasers," not all state-based marketplaces (SBMs) are exercising that authority. By some estimates, 10 SBMs are engaged in one or more activities that could be considered active purchasing, but none have embraced the authority to the extent that California has. For example, while 7 states require participating insurers to offer standardized benefit designs, California is the only state that requires all plans to be standardized. In the other 6 states, insurers are also allowed to offer non-standardized plans. To the extent that the goal of such a policy is to enable consumers to make apples-to-apples plan comparisons, allowing standardized and non-standardized plans to be marketed side-by-side limits consumers' ability to do so.

The federally facilitated marketplace (FFM) has signaled an intent to engage in more active purchasing activities, such as by encouraging (but not requiring) insurers to offer standardized benefit designs in 2017. Standardized plans may be required in future years. However, there are limits to the FFM's ability to be an active purchaser in the way that an SBM can. First, the FFM must adopt policies that apply across 34 states, each with different market dynamics and characteristics. For example, a policy that might work well in a state with 10 or more competing insurers might not work as well in a state with only one or two. Second, the FFM has limited capacity to engage directly with insurers in the way that a SBM can do on a local level. Covered California executives speak of "jawboning" premiums down in negotiations with insurers. This would be much more difficult to replicate at the federal level.